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SPECIAL MEETING / BOARD STUDY SESSION

PENINSULA CORRIDOR JOINT POWERS BOARD

Due to COVID-19, this meeting will be conducted via teleconference only (no physical location) pursuant to [Assembly Bill 361](#) (Gov. Code section 54953).

Directors, staff and the public may participate remotely via Zoom at

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<http://www.caltrain.com/about/bod/video.html>

Public Comments: Members of the public are encouraged to participate remotely. Public comments may be submitted to publiccomment@caltrain.com prior to the meeting's call to order so that they can be sent to the Board as soon as possible, while those received during or after an agenda item is heard will be included into the Board's weekly correspondence and posted online at http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html.

Oral public comments will also be accepted during the meeting through *Zoom or via the teleconference number listed above. Public comments on individual agenda items are limited to one per person PER AGENDA ITEM. Use the Raise Hand feature to request to speak. For public participants calling in, dial *67 if you do not want your telephone number to appear on the live broadcast. Callers may dial *9 to use the Raise the Hand feature for public comment and press *6 to accept being unmuted when recognized to speak for two minutes or less. Each commenter will be automatically notified when they are unmuted to speak for two minutes or less. The Board Chair shall have the discretion to manage the Public Comment process in a manner that achieves the purpose of public communication and assures the orderly conduct of the meeting.

Friday, October 22, 2021

1:00pm – 4:30pm

1. Call to Order/Roll Call
2. Caltrain Governance Special Meeting #6 (including update on self-directed governance options, overview of regional governance, current regional efforts, and next steps)
 - PRESENTATION & DISCUSSION – Sebastian Petty, Ratna Amin, Melissa Jones, and Katie Miller
 - BOARD GUIDANCE AND DIRECTION
3. Adjourn

INFORMATION FOR THE PUBLIC

All items appearing on the agenda are subject to action by the Board. Staff recommendations are subject to change by the Board. If you have questions on the agenda, please contact the JPB Secretary at 650.508.6242. Agendas are available on the Caltrain website at www.caltrain.com. Communications to the Board of Directors can be e-mailed to board@caltrain.com.

Free translation is available; Para traducción llama al 1.800.660.4287; 如需翻译 请电 1.800.660.4287

Date and Time of Board and Committee Meetings

JPB Board: First Thursday of the month, 9:00 am; JPB Finance Committee: Fourth Monday of the month, 2:30 pm; JPB WPLP Committee: Fourth Wednesday of the month, 3:00 pm. Date, time and location of meetings may be changed as necessary. Meeting schedules for the Board and committees are available on the website.

Location of Meeting

Due to COVID-19, the meeting will only be via teleconference as per the information provided at the top of the agenda. the Public may not attend this meeting in person. *Should Zoom not be operational, please check online at http://www.caltrain.com/about/bod/Board_of_Directors_Meeting_Calendar.html for any updates or further instruction.

Public Comment*

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Accessible Public Meetings/Translation

Upon request, the JPB will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least at least 72 hours in advance of the meeting or hearing. Please direct requests for disability-related modification and/or interpreter services to the Title VI Administrator at San Mateo County Transit District, 1250 San Carlos Avenue, San Carlos, CA 94070-1306; or email titlevi@samtrans.com; or request by phone at 650-622-7864 or TTY 650-508-6448.

Availability of Public Records

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at 1250 San Carlos Avenue, San Carlos, CA 94070-1306, at the same time that the public records are distributed or made available to the legislative body.

**PENINSULA CORRIDOR JOINT POWERS BOARD
STAFF REPORT**

TO: Joint Powers Board

FROM: Michelle Bouchard
Acting Executive Director

SUBJECT: **CALTRAIN GOVERNANCE SPECIAL MEETING #6**

ACTION

It is recommended that the Peninsula Corridor Joint Powers Board (Board) receive a staff presentation providing information for the sixth Caltrain governance special meeting of 2021, including an update on self-directed governance, overview of regional governance, discussion of current regional efforts, and next steps.

SIGNIFICANCE

This is the last of six planned special Board meetings on Caltrain governance to support development of the Board's 2021 recommendation on governance by December 2021. At the sixth meeting on October 22, Sebastian Petty, Ratna Amin, and Katie Miller will present and moderate the Board's discussion. The special meeting materials include a presentation that begins with an update on self-directed governance, followed by an overview of regional governance and discussion of current regional efforts. The presentation will also include information about next steps in the 2021 governance process.

The packet includes three attachments. The first attachment is the presentation for the sixth special meeting on October 22, 2021. The second and third attachments are included for background reference for the Board. The second attachment includes slides that illustrate Caltrain's existing external relationships; these slides are sourced from the previous presentation for the third special meeting on governance on June 25, 2021. The third attachment provides an excerpt on regional governance issues from the 2019 Caltrain Organizational Assessment, prepared by Howard Permut as part of the Caltrain Business Plan process.

BACKGROUND

In August of 2019, the Board received a Caltrain Organizational Assessment report from Howard Permut as part of the Caltrain Business Plan effort. In November 2019, the Board held a special workshop to discuss the Caltrain organization and governance issues in greater depth. Following the workshop, at its regular December 2019 meeting, the Board agreed to form a Governance Ad Hoc Committee and hire a special counsel to research and clarify key issues in a fact-finding report. The Governance Ad Hoc Committee met regularly in the first half of 2020, and in July 2020, the special counsel presented their fact-finding report to the full Board.

In August 2020, the Board held a substantial discussion regarding the placement of Measure RR on the November 2020 ballot in San Francisco, San Mateo, and Santa Clara counties. If approved by two-thirds of the voters in all three counties, Measure RR would provide dedicated funding to Caltrain via a 1/8 cent sales tax in each county. At the August 2020 meeting, the Board approved Resolution 2020-42 to authorize placement of Measure RR on the ballot. This resolution also included provisions related to governance, including a commitment by the Board to develop and approve a governance recommendation by December 2021.

Over two-thirds of the voters in San Francisco, San Mateo, and Santa Clara counties approved Measure RR on November 3, 2020. Following its passage, the Board requested that Caltrain staff commence the 2021 governance process to support the Board in development of its governance recommendation by the end of 2021. A Governance Process Ad Hoc Committee of the Board was established to aid with the process, comprised of four Board members: Chair Davis, Director Chavez, Director Pine, and Director Walton. In addition to the Board members, JPA member agency staff also participated in the Governance Process Ad Hoc Committee meetings.

The special meeting on March 19, 2021 was the first special meeting intended to assist the full Board in the process of reaching a governance recommendation by the end of the year. At the first special meeting, the Board accepted the 2021 Governance Roadmap for the process, with the understanding that the Governance Process Ad Hoc Committee may come back with updates to refine the plan. Additionally, the Board accepted the 2021 Proposed Objectives for the Governance Outcome, with the amendment that 1) an additional objective be equitable decision making across the board for all JPB member agencies and 2) governance changes be focused on improving ridership of all income levels for Caltrain. The minutes from the first special meeting can be found [here](#).

The second special meeting on May 14, 2021 was focused on refinement of three self-directed governance options, as well as the approach to evaluating the self-directed options, which includes both quantitative and qualitative analyses. The presentation also discussed the resources required to support the governance process. The minutes from the second special meeting can be found [here](#).

The third special meeting on June 25, 2021 was intended to focus on the approach to regional and non-self-directed relationships; active and emerging regional discussions; strategic issues; and next steps. The meeting was adjourned early without discussion of the prepared materials on regional options. The minutes from the third special meeting can be found [here](#).

The fourth special meeting on August 20, 2021 provided updated information regarding the governance process. It was focused on providing an overview of self-directed governance options and the approach to evaluating the options. Then, the financial and legal analyses of the options were presented, as well as Board and leadership perspectives on the options. The meeting concluded with next steps in the governance process for the Caltrain Board. The minutes from the fourth special meeting can be found [here](#).

At the fifth meeting on September 30, 2021, staff presented information about the self-directed governance options, including refined options developed following the August 20, 2021 special meeting, for Board discussion. Staff shared information about the approach to developing a governance recommendation for Board consideration and discussion. The JPB's general counsel, James Harrison of Olson Remcho, presented on legal analysis findings. The presentation concluded with discussion of next steps in the 2021 governance process.

The Governance Process Ad Hoc Committee met monthly to support the overall 2021 governance process. They met twice in advance of the Board's first special meeting, and they held two additional meetings in advance of the Board's second special meeting. One additional meeting was held in advance of the Board's third special meeting. In August of 2021, the Governance Process Ad Hoc Committee was disbanded because the committee had fulfilled its intended purpose of outlining a governance process for JPB consideration.

BUDGET IMPACT

There is no budget impact associated with receiving this report or taking any actions.

NEXT STEPS

Governance will next be discussed at the regular Caltrain Board meetings in November and December:

- November JPB Meeting: Thursday, November 4, 2021 9:00am – 12:00pm
- December JPB Meeting: Thursday, December 2, 2021 9:00am – 12:00pm

Prepared by: Sebastian Petty, Deputy Chief, Caltrain Planning

Attachment 1: Presentation Slides for October 22, 2021 Special Meeting on Governance



Caltrain Governance

JPB Special Meeting #6
on Governance

October 22, 2021



**Welcome to Special
Meeting #6**

Special Meeting #6 Agenda

- **Self-Directed Governance: Update from Acting Executive Director**

- **Today's Objectives**
- **Overview of "Regional" Governance**
- **Public Comment & Board Discussion**

~ Break ~

- **Current Regional Efforts**
- **Public Comment & Board Discussion**
- **Next Steps**



3

Update on Self-Directed Governance

4

Update on Self-Directed Governance

At the September 30 Special JPB meeting on Governance, the Board directed the Acting Caltrain Executive Director to work toward developing a straw recommendation on governance based on discussion and input received to date.

These materials are under development and will be ready for initial discussion at the November 4 regular JPB meeting.

Status Update

- **Work on a straw proposal is active and ongoing.**
- **Acting ED has engaged JPA Partner General Managers, staff and MTC in productive discussions.**
- **Focus on three areas:**
 1. Core recommendation on governance and management
 2. Addressing repayment of SMCTD right of way (ROW) investment
 3. Process, timeframes and implementation



5

Today's Objectives

6

Objectives for Governance Special Meeting #6

1. **Understand** key concepts related to “regional” governance and **discuss** reasons why this is an important conversation and set of issues for the railroad.
2. **Review** current processes and efforts related to Bay Area “regional” transit governance and their relationship to Caltrain.
3. **Discuss** how Caltrain staff and the JPB should engage in ongoing regional governance efforts and how/whether to incorporate any statement regarding regional governance into the JPB’s 2021 governance recommendation.



7

Overview of Regional Governance

8

Key Concept: “Regional Governance”

“Regional governance” and even the term “regional” itself are not consistently defined.

Different organizations and individuals may ascribe different meaning and focus to these words. Similarly, there are a range of motivations as to why different people may view a discussion of regional governance as important.

What does “Regional” Mean?

- In this context we are generally using the word “regional” to refer to a scale that goes beyond the existing three-county geography and governance of the Caltrain system. Often, “regional” may specifically imply the formal, 9-county geography of the Bay Area – but the term can also refer to a broader range of scales, e.g., “subregional” and “megaregional.”

What does “Regional Governance” Mean?

- “Regional governance” can include a wide range of potential projects, programs, or organizational structures that involve participation and decisions by parties beyond the JPB and the three JPA member agencies.



9

A Big, Complicated Conversation

How to best organize and integrate the Bay Area’s transit systems has been an ongoing discussion for more than 50 years.

There is no single “owner” of these regional conversations nor is there a single, defined, top-down process that relates all of the different issues and efforts underway to one another.

Today, initiatives such as the Blue Ribbon Transit Recovery Task Force, advocacy efforts like the work of Seamless Bay Area, and new projects like Link21 are not fully coordinated – but they are loosely in dialogue with each other.

Many Different Actors

- Federal entities
- State – Legislature, CalSTA, Caltrans
- MTC
- Transit operators – local, regional, intercity
- Counties and cities
- Sales tax authorities and congestion management agencies
- Businesses and private institutions
- Advocacy groups

Many Different Areas of Focus

- Coordination/standardization of transit customer services, programs, facilities.
- Planning and delivery of capital projects.
- Consolidation of organizations and decision-making authority.
- Higher-level transit system management.
- Generation and management of funds.



10

There Are Many Approaches and Potential End States for Regional Coordination & Governance

Separate Railroad A

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services



Separate Railroad B

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Example A: Coordinated Activities – direct coordination through bilateral or multilateral agreements among operators

Example B: Regional Entity taking on a select set of functions such as service coordination or megaproject delivery



Separate Railroad A

- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Separate Railroad B

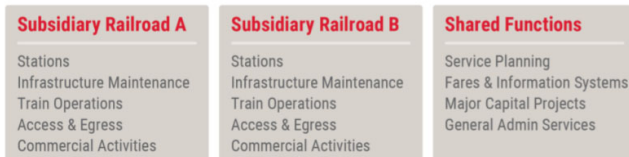
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Excerpted from Caltrain Business Plan Organizational Assessment, 2019



There are Many Approaches and Potential End States for Regional Coordination & Governance

Regional "Umbrella" Authority



Example C: Regional "Umbrella" Authority – the organization of railroads as independent subsidiaries under an umbrella authority

Example D: Consolidated Regional Rail – the integration of rail operations and functions into one organization

Consolidated Regional Railroad

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Excerpted from Caltrain Business Plan Organizational Assessment, 2019



A History of Bay Area Regional Transit Change

Changes to the governance and even the fundamental nature of transit in the Bay Area are not new.

Regional discussions of transit governance in the Bay Area have been ongoing for years.

The region's longer-term history shows dramatic shifts and changes can and have occurred in the business and governance models of the region's transit systems. Examples:

- Collapse of the private East Bay streetcar Key System after operating from 1903-1960.
- Formation of 5-County BART District in 1957, move to 3-County District in 1962.
- Creation of county transit agencies following 1971 State Transportation Development Act.
- Formation of Peninsula Corridor JPB after 12 years of Caltrans and 107 years of private operations.

In the recent past, changes have been more modest. Examples:

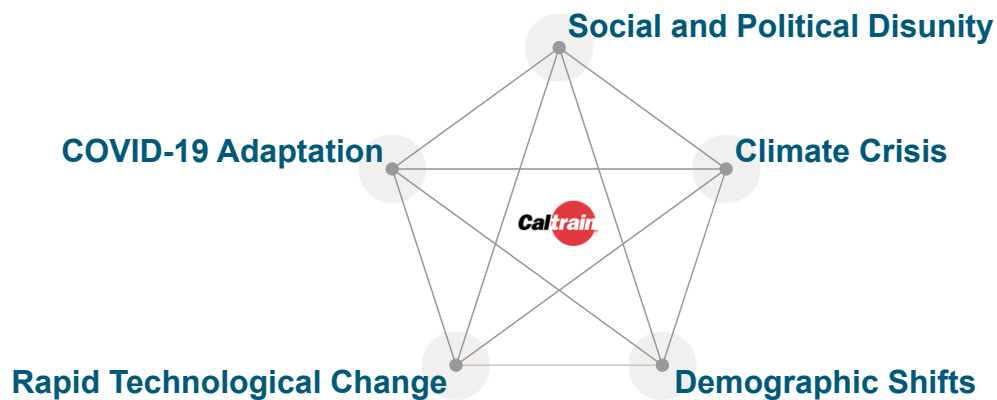
- Clipper Card – project started 1998; Clipper launched 2010 on 5 operators after 8 year pilot.
- Creation of some new agencies, e.g., SMART District; Valley Link Rail Transit District.
- MTC-ABAG agency merger – approved 2016, started 2017.



13

The Future Looks Different

The business environment is changing as a result of accelerating, interconnected forces.

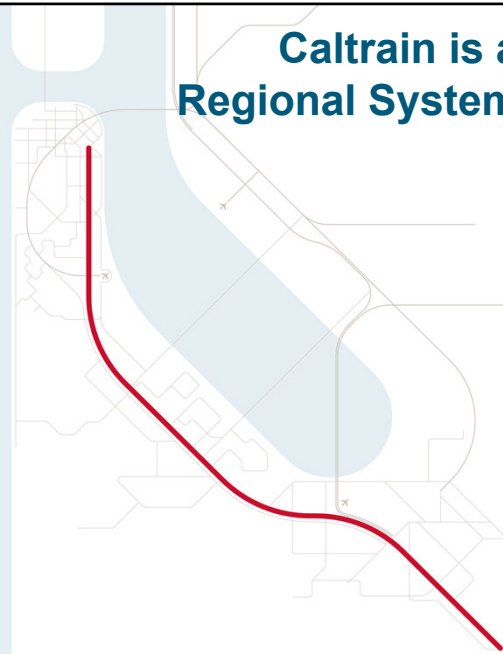


14

Why is the Regional Discussion Important to Caltrain?

- Passengers' average trip length: 20+ miles
- Three county, 19 city, 77 mile geography
- Corridor interfaces with many operators
 - MUNI Bus and Rail, SamTrans, VTA
 - BART
 - CCJPA, ACE, Amtrak
- Direct involvement with multiple regional and state megaprojects:
 - SF Downtown Extension (DTX)
 - Diridon Station
 - Dumbarton Corridor
 - California High Speed Rail

Caltrain is a Regional System



15

Why is the Regional Discussion Important to Caltrain?

Caltrain – along with many other transit systems in the region – face a number of serious structural challenges.

- Structural challenges refer to underlying dynamics in both within our industry and the surrounding business environment that fundamentally impact the performance and future of our systems.
- Structural issues are systemic dynamics – they cannot be easily resolved through individual agency leadership or one-off decisions or actions.
- These structural challenges are evolving and heightening as the world changes around us.
- Governance change is a type of structural change. Changing governance may be part of an approach that helps transit address and overcome structural challenges.
- However, changing governance at a regional scale is a difficult intervention – in part as a result of these same structural challenges and dynamics.



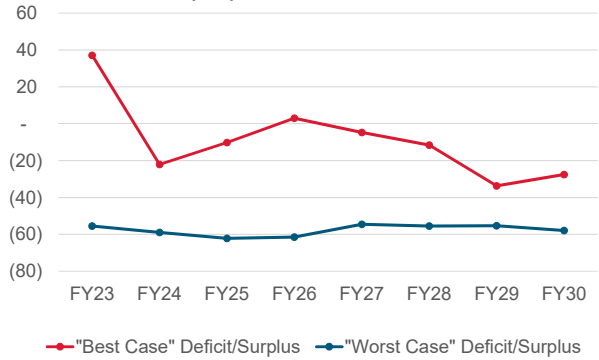
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Example Structural Issue: Business Models

Caltrain and many transit systems face a number of compounding challenges to their underlying business models. Over the longer term, these challenges pose a significant risk to the ability of our systems to deliver projects and services.

- Significant and possibly long-term degradation of core ridership markets – especially commuters.
- Desire to provide robust service while maintaining low fares.
- Operating costs growing faster than growth in funding sources.
- Volatility and uncertainty related to new public funding.
- Exposure to daunting escalation and inflationary pressure for capital projects.
- Exposure to new costs and responsibilities as climate change impacts increase.
- Unique funding models require each agency to solve fiscal challenges in distinct ways.

Caltrain's Highest/Lowest Annual Deficits (\$M) – All Scenarios



Financial projections from Caltrain's scenario planning analysis, from the JPB's May 2021 Business Strategy Presentation

Example Structural Issue: Timescales

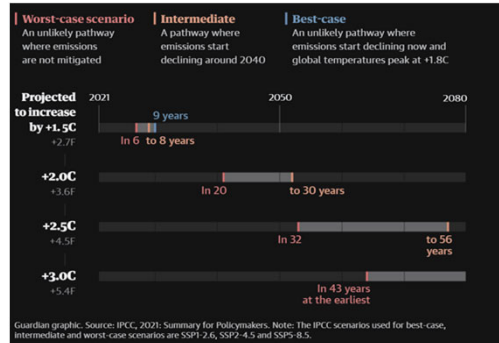
Caltrain's 2040 Service Vision outlines a major program of capital development for the railroad over the next 20 years. The timing of this program is aggressive and requires that partner agencies and funders deliver on similarly aggressive commitments in a timely manner.

Recent experience with major infrastructure projects in the region suggests these assumptions are optimistic. Major projects have been plagued with delays and many are running years, if not decades, behind their originally forecast schedules.

At the same time, other forces in our world – like technological innovation and climate change – have timelines that are accelerating.

Example: Global Warming Timeline

Source: The Guardian



Example: Major Bay Area Capital Projects' Timelines

Sources: SPUR, VTA, JPB, TJPA

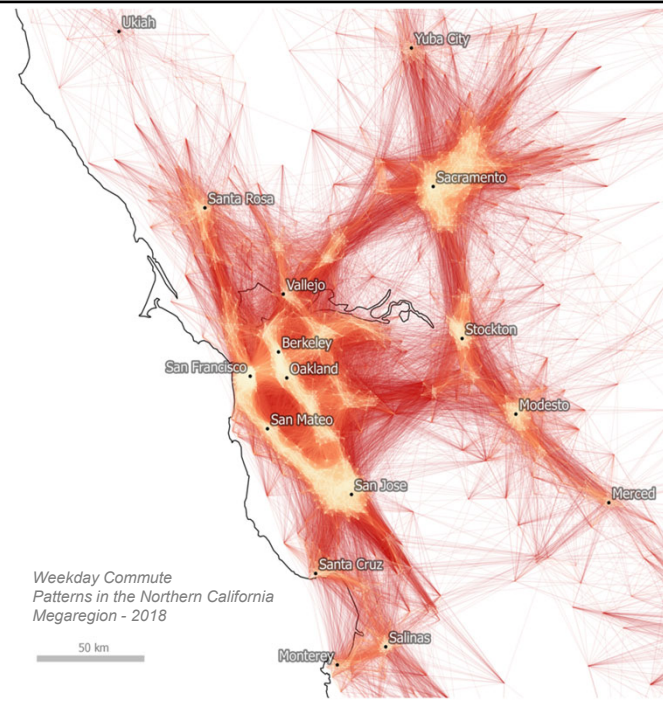
Major Capital Project	Formal Adoption of Plan	Initial Estimated Year of Service	Current Status	Current Estimated Year of Service
Caltrain Electrification	1999	2009	Under construction	2024
Silicon Valley BART Extension	1984	Phase 1: 2017	Phase 1: completed	Phase 1: opened 2020
		Phase 2: 2026	Phase 2: Design	Phase 2: 2030
Downtown Rail Extension (DTX)	1994	2010	Design	2030

Example Structural Issue: Geographic Misalignment Between Users and Governing Authorities

The organization, funding, and governance of public transit in the Bay Area is closely tied to specific administrative geographies – and particularly to counties. These types of administrative boundaries are important for government but generally don't align with how people travel or organize their daily lives.

The mis-match between the geographic scale of funding, governance, and ways people move can lead to disparate outcomes around the region; challenging coordination between systems; and underserved customer markets – particularly at the regional scale.

Source KQED, 2018



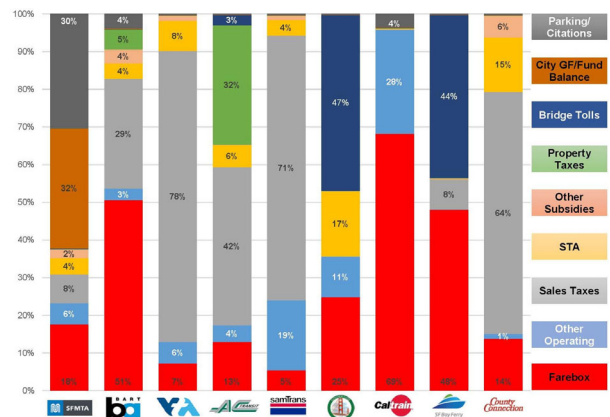
Example Structural Issue: Institutional Complexity & Scales

The diversity of agency missions, funding structures, and operating models makes working at a regional scale technically and politically challenging.

System complexity is compounded by administrative/governance structures that surround transit agencies. (Example: County Congestion Management Agencies are organized/governed differently in each of the three counties Caltrain operates in.)

Working at a regional scale within this complex environment is difficult and time consuming. Resulting programs sometimes further increase complexity or slow change. (Example: regional programs or actions that require unanimous consent from multiple different local entities.)

Funding streams/sources vary substantially by agency, are locally relevant, and can come with restrictions on their use



FY19-20 Adopted Budgets – Revenue Share Comparisons



Source: Blue Ribbon Transit Recovery Task Force, 2021

Public Comment

21

Discussion

22

Board Discussion

- Why do you think it is important for Caltrain to engage with the regional conversation about transit governance?
- Are there structural issues or concerns you have about either Caltrain or the regional transit system that you think could be potentially addressed through a regional governance mechanism?
- What concerns or worries you about the idea of more regionalized governance? What are your concerns for the railroad? For the communities that use and fund it?



23

Break

24

Current Regional Efforts

25

Active and Emerging Regional Initiatives and Discussions

1. Current Regional Initiatives

- Clipper 2.0
- Regional Fare Coordination and Integration Study
- Blue Ribbon Transit Recovery Task Force & Transformation Action Plan
- Transit Network Manager Business Case
- MTC's Regional Rail Partnership Grant
- MTC Resolution 3434 Update

2. Link21 Program

3. Other Discussions

- Potential Caltrain-BART or other multi-operator "merger"



26

Clipper 2.0

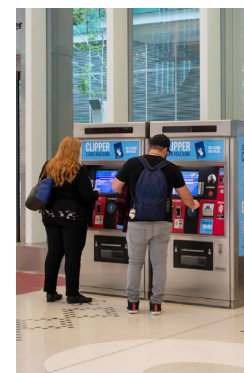
- **What:** Development and implementation of the next generation of the region's fare payment system, Clipper (known as Clipper 2.0, or C2).
- **Who:** The Clipper Executive Board oversees and makes policy decisions about Clipper (including C2). This Board is composed of the General Managers of multiple transit operators – excluding Caltrain – and MTC. Staff from MTC is leading the effort to develop and implement C2 with Cubic, the technology provider, with input from transit operator staff.
- **Timing:** Project underway; release anticipated summer 2023.
- **Caltrain Involvement:** Caltrain does not have direct representation on the Clipper Executive Board at this time, which excludes Caltrain from participating independently in ongoing policy decisions about Clipper including C2. Caltrain's Acting Executive Director is working to determine how a seat on the Board can be added for Caltrain. Additionally, Caltrain staff is working with MTC staff on the design and implementation of C2 for Caltrain's system.



27

Regional Fare Coordination & Integration Study

- **What:** This study is investigating strategies to better coordinate and integrate transit fares in the region in order to grow transit use, improve equity, and achieve other goals.
- **Who:** Directed by Fare Integration Task Force (a committee appointed by the Clipper Executive Board); Co-Project Managers: MTC & BART staff, with support from transit operator staff working group.
- **Timing:** Project underway; draft recommendations have been developed and schedule to be finalized in fall 2021.
- **Caltrain Involvement:** Caltrain's Acting Executive Director is a member of the Fare Integration Task Force, and Caltrain staff has actively participated in the transit operator staff working group for the project.



28

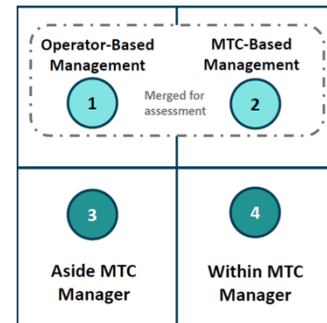
Blue Ribbon Transit Recovery Task Force - Regional Transit Transformation Action Plan

- What:** The MTC Blue Ribbon Transit Recovery Task Force (BRTF) was appointed by the MTC in May 2020 to guide the expedited distribution of CARES Act Phase 2 funds and submit a Bay Area Public Transit Transformation Action Plan to the Commission. The BRTF discussed major regional transit coordination questions during development of the Transformation Action Plan (TAP).
- Timing:** The BRTF completed its work with the development of the TAP, which was supported by the MTC Commission on Sept. 22, 2021. Several work streams have started for various elements of the TAP to begin implementation. The Commission will hold a workshop to discuss refinement and details of the Action Plan as well as distribution of remaining ARPA funds on October 27, 2021.
- Caltrain Involvement:** Caltrain staff has participated in the BRTF and the development of the TAP, and will be actively involved in implementation efforts of the TAP as needed going forward.



Transit Network Management Business Case

- What:** The Transit Network Management Business Case will provide a more detailed analysis of regional transit network management and governance options and develop recommendations, building on the preliminary evaluation of transit network management completed through the BRTF.
- Who:** Work will be led by MTC staff. An advisory group has been appointed to review the business case and recommendations and to provide updates to the MTC Commission.
- Timing:** Consultant procurement is underway and will be completed in fall 2021; the effort is anticipated to be complete by summer 2022.
- Caltrain Involvement:** Caltrain's Acting Executive Director is a member of the advisory group for this project, and Caltrain staff will monitor and support.



Regional Network Management Concepts Moving Forward for Study. Source: Blue Ribbon Transit Recovery Task Force



Bay Area Regional Rail Partnerships: Project Delivery & Governance

- **What:** This study, not yet launched, has been scoped to examine various regional rail governance and rail megaproject delivery alternatives across the region.
- **Who:** MTC staff is leading the project, which is funded through a Caltrans Planning Grant.
- **Timing:** Solicitation for consultant services was completed in summer 2021; MTC staff is in the process of determining the project's advisory structure, including the role of transit operators in the study, and finalizing the scope. Anticipated to launch in winter 2022.
- **Caltrain Involvement:** Caltrain staff participated in the solicitation for consultant services. Future involvement is not yet defined; in concert with other rail operators, Caltrain staff is currently in discussions with MTC staff about roles and responsibilities to support the project when it commences.



31

Resolution 3434 Update: “Megaproject Advancement Policy”

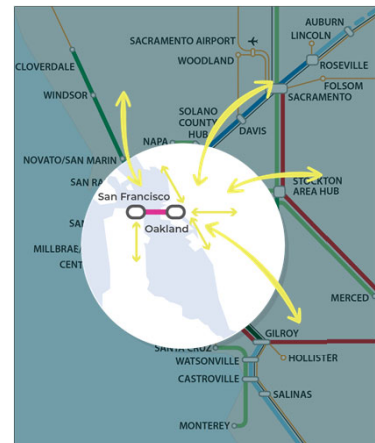
- **What:** This effort intends to modernize and replace MTC's Resolution 3434 (Regional Transit Expansion Program) with a “Megaproject Advancement Policy” to align with Plan Bay Area 2050 and establish a strategy to sequence and deliver key megaprojects. Focus will be on providing guidance to distribute funds to advance projects included in the 2035-2050 time period of Plan Bay Area 2050.
- **Who:** MTC staff will be leading the effort, with opportunities for partner and stakeholder input. The Megaproject Advancement Policy will be adopted by the MTC Commission once complete.
- **Timing:** MTC staff anticipates commencing the effort in winter 2022, with adoption anticipated in summer 2022.
- **Caltrain Involvement:** Staff will monitor and engage as work commences.



32

Link21 Program

- **What:** Link21 is a complex program that is working on developing megaregional rail projects. It centers on a second transbay rail crossing between Oakland and San Francisco, as well as network improvements across Northern California that would support service through the new rail crossing.
- **Who:** Led by BART, Capitol Corridor; sponsored by the State.
- **Timing:** Program definition: 2019-21; program identification: 2022-23; project selection: 2024-28; project delivery: 2029-40.
- **Caltrain Involvement:** Staff is engaged in technical coordination with Link21 project team.

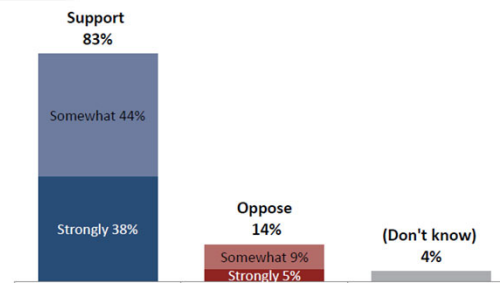


Other Regional Governance Discussions

East Bay Times
 Could a BART-Caltrain merger help fix one of Bay Area transit's biggest problems?
 Backers of this vision say merging BART and Caltrain into a single regional rail system, set to eventually encircle the Bay, would make public ...
 Apr 13, 2021

Would you support or oppose combining BART and Caltrain into one integrated system?

- While not yet embedded within a formalized process or structure, there have been a number of news articles and polls about a potential BART-Caltrain “merger.”
- Similarly, there are other combinations of agency and/or system mergers that are possible and that have been discussed at various points in the past.



The San Francisco Examiner
 Survey suggests merger of BART and Caltrain could be popular
 Survey suggests merger of BART and Caltrain could be popular ... Once a fringe idea, the idea of a merger of the Bay Area's two major commuter ...
 1 month ago



Board Clarifying Questions

1. What questions do you have about the Current Regional Efforts shown today?
2. What other active processes, initiatives, or discussions pertaining to regional transit or regional rail governance did we miss?



Public Comment

Discussion

37

Board Discussion

Staff is seeking guidance regarding how best to advance the railroad's interests on a regional scale and how to effectively involve the Board in these discussions.

1. Are any of the specific ongoing processes or studies of particular interest to you?
2. Is there a different or broader discussion about regional issues that you would like to see occur? If so, who (agencies, individuals) would you like Caltrain staff to work with to advance this work?
3. How do you think the Board should be updated on regional projects and issues going forward?



38

Board Discussion

The JPB is working toward the development of a recommendation on governance before the end of 2021. Staff is seeking guidance as to whether, and how, to incorporate statements about regional options into this recommendation.

1. Should the 2021 JPB recommendation address the potential for regional governance change?
2. What are your initial thoughts on how to frame a recommendation?



Next Steps

Next Steps

Upcoming Meetings on Governance

- November Regular JPB Meeting:
Thursday, November 4, 2021
9:00am – 12:00pm
- December Regular JPB Meeting:
Thursday, December 2, 2021
9:00am – 12:00pm



41



42

Attachment 2: Slides Illustrating Caltrain's Existing External Relationships

Caltrain Governance

JPB Special Meeting #6
on Governance –
ATTACHMENT 2

Caltrain's Existing
External Relationships

October 22, 2021



Where Are We Starting?

- We are not starting from a blank slate. Caltrain is already enmeshed in a complicated network of formal external governance structures and relationships.
- Any discussion about new or modified regional governance is also, inherently, a discussion about how some or all of these existing relationships could change.



Caltrain's Existing External Relationships

Caltrain has existing, formal external relationships with other public entities, which can broadly be grouped into four categories.

The details of these relationships are complicated. Some involve fully articulated governance structures; some are dictated through statute; and others are based in specific agreements or policies.

These relationships are also complex because of the intricacy and geographically-specific nature of the overall landscape of government institutions in the Bay Area.

- **Operator Relationships**

Caltrain's relationships with local transit operators, regional transit services and intercity rail operators.

- **Local Jurisdiction Relationships**

Caltrain's relationships with cities, counties, and county-scale entities like congestion management agencies (CMAs) and transportation authorities (TAs).

- **Regional and State Relationships**

Caltrain's relationships with MTC and State entities such as Caltrans, CalSTA and CHSRA.

- **Complex Project Relationships**

Caltrain's complex project relationships involve multiple external entities in coordinated efforts that are focused on specific, large plans and projects.



3

Operator Relationships

Transit Operations

Ongoing scheduling and coordination interfaces with county and regional transit operators.

- *Example: Coordinating transit schedules with BART at Millbrae*
- *Example: Bus bridge support on capital projects*

Trackage Rights

Agreements with rail operators that use the Caltrain corridor.

- *Example: Capitol Corridor use of Caltrain ROW between Santa Clara and Diridon*

Fare Agreements and Inter-Agency Transfers

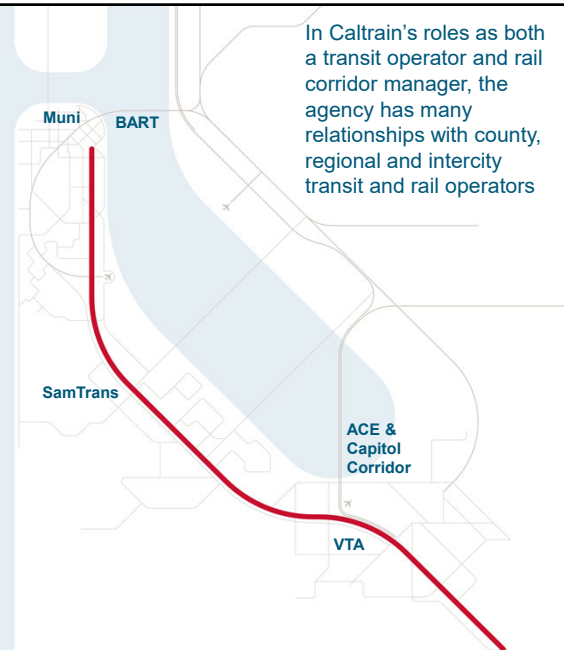
Agreements with other transit operators around fares and transfers.

- *Example: Monthly pass transfer agreement between VTA and Caltrain*

Station Management

Agreements with other transit operators around the management and use of shared stations.

- *Example: Caltrain and BART MOU governing maintenance of Millbrae Intermodal Station*



4

Local Jurisdiction Relations

Local Transportation

Planning and coordination of local transportation, including first / last mile connections and circulation / bicycle and pedestrian facilities.

- Example: Circulation and access improvements at 4th & King

Land Use and Station Area Development

Coordination with cities on station area plans and developments.

- Example: Hayward Park transit-oriented development project

Corridor Maintenance and Construction Activities

Work with local jurisdictions related to corridor maintenance and capital project delivery.

- Example: Outreach and agreements with cities related to PCEP construction

Planning

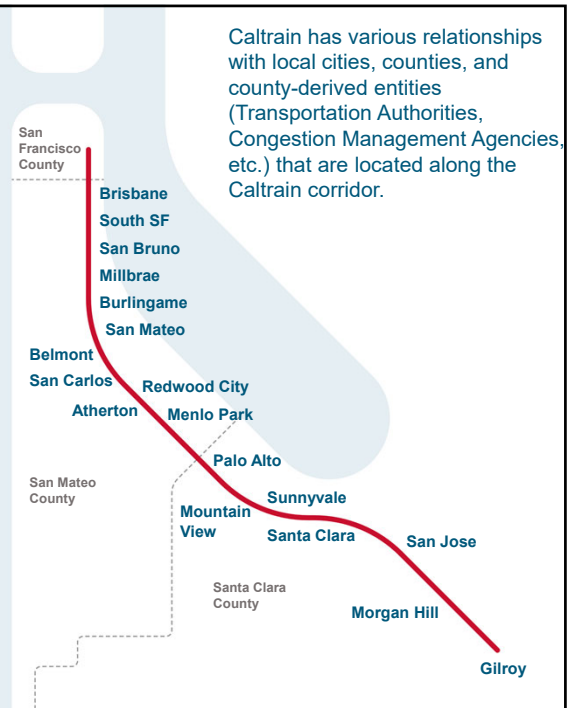
Planning of programs and capital projects with cities, counties, or CMAs and TAs.

- Example: Southeast Stations Plan with San Francisco Planning Department

Funding

Funding of specific programs and projects

- Example: Measure A funding of Atherton Station removal, Measure B funding of Gilroy service expansion



Regional and State Relationships

State Rail Network Planning and Projects

Involvement in rail network planning and projects led by entities at the State level including CalSTA, Caltrans, and CHSRA.

- Example: Development of California State Rail Plan

Regional Transportation Planning and Funding

Ongoing interfaces with MTC or other entities at the regional level to plan for transportation improvements in the Bay Area and to distribute funding.

- Examples: Plan Bay Area, distribution of Federal Relief Funds

Transit Operations and Customer Experience

Work with the State, MTC and/or regional groups of operators to coordinate services and systems at the regional level.

- Examples: Regional and local transit operator service coordination efforts (regional operations planning staff group);

Partnerships on fare payment systems across the region.

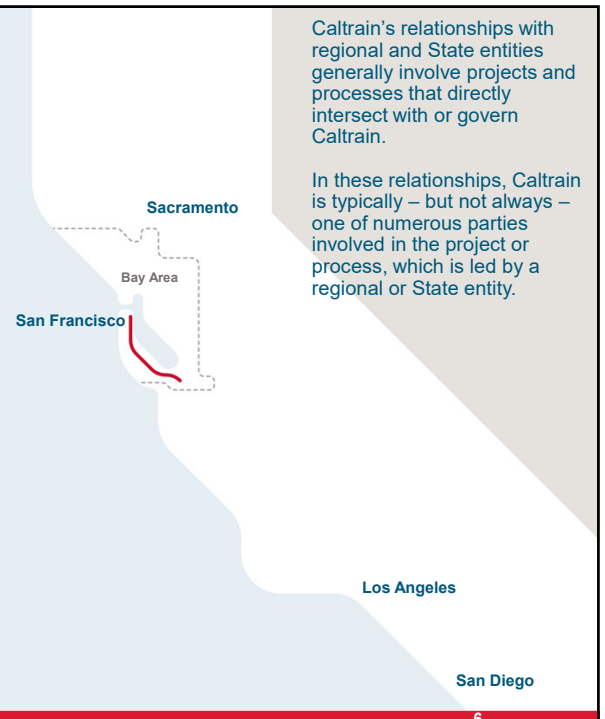
- Examples: Existing Clipper system; forthcoming Clipper 2.0 system; Cal-I/TTP program improvements

Participation in regional fare programs and studies.

- Examples: Clipper START program; Regional Fare Coordination/Integration Study

Coordination to improve customer information and wayfinding.

- Example: MTC Regional Transit Mapping and Wayfinding Project



Complex Project Relationships

San Francisco Terminal Projects

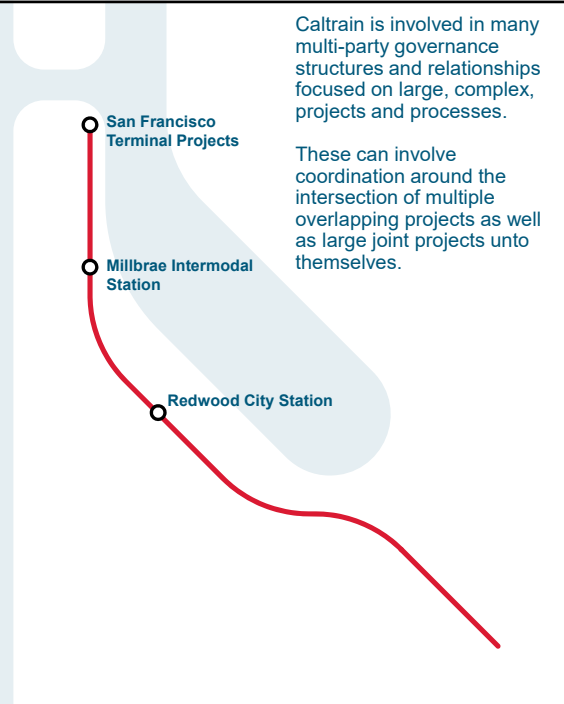
- Projects: Downtown Extension (DTX), Railyard Development, Pennsylvania Avenue Extension, HSR
- Public Entities: Caltrain, CCSF Planning and OED, SFCTA, TJPA, MTC, CHSRA
- Joint governance / relationship structures: Joint Powers Authority, public Executive Steering Committee, various MOUs

Millbrae Intermodal Station

- Projects: Station access improvements, future HSR expansion, multiple transit-oriented developments
- Public Entities: Caltrain, BART, SamTrans, City of Millbrae, CHSRA, SFO
- Joint governance / relationship structures: various MOUs

Redwood City Station

- Projects: Grade separations, Caltrain station expansion and improvement, Dumbarton rail, transit-oriented developments
- Public entities: Caltrain, SamTrans, San Mateo County TA, City of Redwood City
- Joint governance / relationship structures: various MOUs



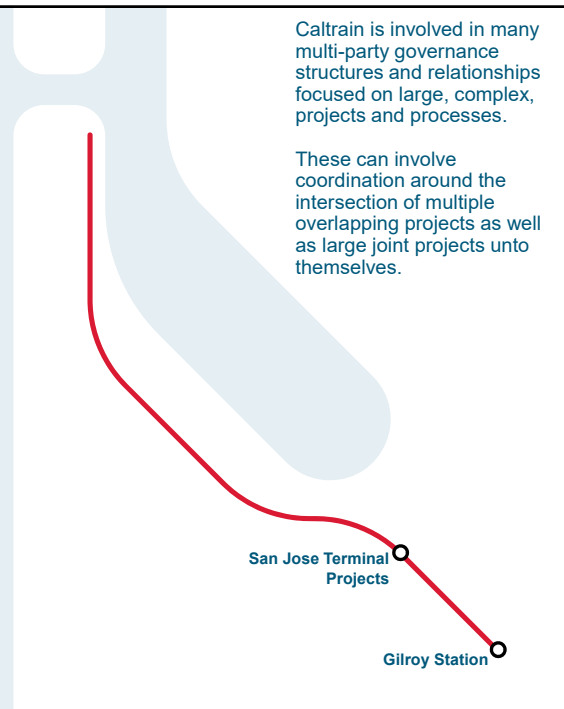
Complex Project Relationships

San Jose Terminal Projects

- Projects: Diridon Integrated Station Concept Plan, BART to SV, transit-oriented developments, HSR, grade separations, corridor capacity and service planning
- Public entities: Caltrain, VTA, City of San Jose, HSR, MTC, BART, ACE, CCJPA, Caltrans
- Joint governance / relationship structures: various MOUs and agreements, public Station Area Advisory Board and Stakeholder Groups

Gilroy Station

- Projects: Transit-oriented development, future HSR expansion, passenger service to Salinas
- Public entities: Caltrain, VTA, City of Gilroy, Transportation Agency of Monterey County, Caltrans
- Joint governance / relationship structures: Not formalized



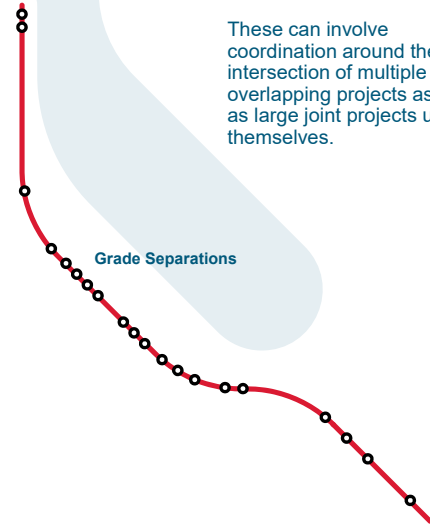
Complex Project Relationships

Grade Separations

- Grade separations are complex projects with multiple instances advancing in parallel throughout the Caltrain corridor.
- Usually grade separations involve at least three parties: Caltrain, the affected one or more cities, and a county funding authority. Depending on the location of the project, there may be substantive involvement from additional agencies and parties.
- Grade separation projects are generally governed through a series of MOUs and agreements that evolve over the life of the project.

Caltrain is involved in many multi-party governance structures and relationships focused on large, complex, projects and processes.

These can involve coordination around the intersection of multiple overlapping projects as well as large joint projects unto themselves.



**Attachment 3: Excerpt on Regional Governance Issues from 2019 Caltrain
Organizational Assessment Report by Howard Permut**

CALTRAIN BUSINESS PLAN

ORGANIZATIONAL ASSESSMENT



**Excerpt from 2019 Business Plan Organizational
Assessment - "Non Self Directed Governance"**

Full report provided to JPB previously and available online at www.Caltrain2040.org



TABLE OF CONTENTS

Introduction	4
Chapter 1: Initial Assessment Identifying Key Issues and Areas for Focus	6
I. Objective and Organization	6
II. Work Completed	7
III. Key High-Level Observations	7
IV. Organizational Areas for Future Focus	11
Chapter 2: Defining the Standard Functions of a Major Passenger Railroad and Mapping the Caltrain Organization	15
I. Objective and Organization	15
II. High Level Overview of Railroad Functions and Outputs	15
III. High Level Overview of Typical Large US Railroad Organization	17
IV. Detailed Discussion of Railroad Functional Units	18
V. Summary of Standard Railroad functionality	24
VI. Mapping the Caltrain organization	24
VII. Caltrain’s High Level Outputs	25
VIII. Caltrain’s Detailed Functionality	26
IX. Observations	29
Chapter 3: Summary and Comparison of Organizational Structure of Other Commuter Railroads and Public Agencies	32
I. Objective and Organization	32
II. General Review of North American Railroad Service Delivery Models	32
III. Detailed US Case Studies	37
II. International Case Studies	48
Chapter 4: Organizational and Governance Review and Analysis	52
I. Objective and Organization	52
II. Definition of terms	52
III. High-Level Questions for Board/Member Agency Decision Making	53
IV. Context	53
V. Service Delivery Options	54
VI. Internal Organization	59
VII. Governance Options	66
Chapter 5: Organizational Assessment Recommendations	95
I. Objective and Organization	95
II. Service Delivery	95
III. Internal Organization	96

CALTRAIN BUSINESS PLAN

ORGANIZATIONAL ASSESSMENT – *DRAFT REPORT*

IV.	Governance.....	98
Appendix	100
I.	Participants in initial Stakeholder Interviews	100
II.	Key Reports Reviewed.....	103
III.	Howard Permut Personal Vita	105

VII. GOVERNANCE OPTIONS

This section of the chapter addresses the issue of governance options. It is organized as follows:

- Section A: Overview
- Section B: General Description of Joint Powers Authorities
- Section C: History of Caltrain Governance Structure
- Section D: Description and Analysis of Core Governance Options A through E
- Section E: Description and Analysis of Parallel Governance Options F through I and Considerations
- Section F: Summary

A. OVERVIEW

As noted throughout the chapter, Caltrain is facing significant opportunities and challenges. As part of this, consideration of governance options for policymaking and oversight for the rail system is an integral component of the Organizational Assessment study. In this section, a range of preliminary governance structures for Caltrain are identified, including projected timelines associated with the effectuation of governance changes and delineation of high-level implications of each option. Lessons learned from the case studies of other US and international railroads in Chapter 3 have been incorporated in this analysis.

It is important to emphasize that the opportunities presented in this section should be viewed as preliminary in nature. Implementation of structural governmental changes involves a wide range of considerations including service and project delivery, personnel impacts, financial impacts and political acceptability and feasibility at a level of detail beyond this study.

Importantly, underlying the assessment of the various models that follows is the common assumption that a dedicated source of revenues will become available via a regional sales tax measure or by other means to enable implementation of the service vision to be adopted through the Business Plan. Accordingly, the enumeration of modified or new governance models is not pegged to the premise that a new source of revenues to support Caltrain will emerge inherently from the selection of any one of them. Otherwise stated, any modification of the existing Caltrain governance structure will not alone solve the financial challenges faced by the organization or the organizational issue of limited resources. From a legal standpoint, governance and finance are separate considerations, although it is recognized that from a political standpoint there may be a propensity to tie the two together.

The following governance structural options will be discussed in the sections that follow:

Core Governance Options

As defined earlier, these are alternative structures by which the Caltrain organization could be governed by the JPB and JPA members or, in some options, by a potential successor agency. This is further divided into those options that are self-directed as they can largely be implemented by the JPB or JPA member agencies and those that are not self-directed as they require significant participation of parties external to the JPB and member agencies.

Self-Directed Options - Three Basic Types

1. JPB as currently structured and administered - **OPTION A**
2. Various configurations of the JPB:
 - a. JPB as currently structured, coupled with modifications relative to governing board oversight and the provision of managerial services by San Mateo County Transit District (SMCTD) - **OPTION B**
 - b. JPB as currently structured, but reorganized as a railroad authority that hires its management and administrative employees directly - **OPTION C**

- c. JPB as currently structured, but reorganized as a railroad authority that hires its management and administrative employees directly and supplements on an as-needed basis with expertise from JPA member agency staff - **OPTION D**
3. Creation of a Special District, the Peninsula Rail Transit District (PRTD), to govern and administer Caltrain - **OPTION E**

Non-Self-Directed Options - Regional integration in various configurations:

1. Existing agencies with expanded regional cooperation - **OPTION F**
2. Existing agencies with regional integration of key functions –**OPTION G**
3. Consolidated regional authority with subsidiary railroads – **OPTION H**
4. Fully consolidated regional railroad – **OPTION I**

Parallel Governance Considerations and Structures

These include several governance issues and structures that the JPB and its partner agencies may wish to address independent of (or in combination with) the core governance structure. They include:

- Megaproject delivery by new organizations:
 - Construction Authority to deliver megaprojects such as the Downtown Extensions (DTX) and Diridon Station
 - Grade Separation District to manage grade separations
- Geographic expansion/integration with other railroads to include new arrangements with:
 - High Speed Rail Authority
 - Other rail carriers
- Increased Private Sector Role

B. GENERAL DESCRIPTION OF JOINT POWERS AUTHORITIES

Joint powers authorities (JPA) represent a common form of local and regional governance in California. Such an authority is created when two or more public agencies agree by contract to the exercise of powers that are held in common by the contracting parties. The general enabling statutes that delineate the authority for creation of JPAs is codified in the California Government Code commencing at Section 6500.

In practice, JPAs have been created to perform a wide range of governmental services such as fire protection, library resources, recreation and congestion management and transportation. Notably, insofar as intercity and regional railroads are concerned, JPAs have been the form of governance structure selected by Caltrain as well as the Capitol Corridor, Metrolink and ACE. The range of powers exercised by these JPAs is comprehensive and fundamentally similar to those of transit authorities, such as VTA and SMCTD, that are created pursuant to State enabling statutes in the form of special districts.

C. HISTORY OF CALTRAIN GOVERNANCE STRUCTURE

The acquisition of the peninsula rail corridor was facilitated by a JPA created in 1988 known as the Peninsula Corridor Study Joint Powers Board. This agency initially limited its powers and purposes to the undertaking of planning studies for the eventual takeover of the Caltrain system governance from the State of California, the agency that had overseen and

NON-SELF-DIRECTED OPTIONS

An alternative governance model for the Caltrain system could involve either the full or partial integration of the Caltrain corridor and service into a larger regional (or mega-regional) governance framework.⁵⁶ Unlike the other options discussed previously, this approach could not be self-directed by the existing JPB and its member agencies and other parties will play significant roles.

Note that the term “regional” is used as shorthand to describe systems and governance structures that extend beyond the existing three counties that currently participate in the JPB. At this time, the potential geography of a regional or megaregional governance system for rail is not clear. Such a system could be aligned to the 9-county Bay Area or could be structured to include the participation of the full northern California Megaregion (including both the Sacramento region as well as the Northern San Joaquin Valley). No specific geography is assumed or implied in the discussions below. Similarly, a new regional entity could be a wholly new institution or could be attached to a modified version of an existing regional or state organization - again, no assumption or implication is made or implied at this time.

The options described below are:

- Existing agencies with expanded regional cooperation – **Option F**
- Existing agencies with regional integration of key functions – **Option G**
- Consolidated regional authority with subsidiary railroads – **Option H**
- Fully consolidated regional railroad – **Option I**

The process to implement such outcomes would be significantly more complex and more time consuming than the self-directed options. At the same time, such options may be intrinsically tied to the funding and implementation of key portions of the Business Plan and initiatives being undertaken by other agencies. Prior to implementing these options, very careful and comprehensive analysis needs to be done to understand the pros and cons as well as the implications with regard to transferring authority and decision-making, funding, cost and service delivery among other functionality.

At various points in the region’s history, different models for the consolidation of Bay Area rail and transit agencies, either in their entirety or by specific function, have been proposed or studied. Most recently, the idea of “regionalizing” different aspects of the Bay Area’s rail and transit systems has been promoted through the efforts of advocacy groups like SPUR, Seamless Bay Area, and others with a near term focus on regional fare integration and schedule coordination and a longer term focus on regional funding measures. The impetus to think about consolidating rail services and projects under a regional or mega-regional structure has also been prompted by the ambitious vision for rail expansion articulated in the 2018 State Rail Plan as well as questions around the planning and delivery of major shared infrastructure projects like the Downtown Extension (DTX), the rebuilding of Diridon Station, the Dumbarton rail bridge, the Bay Area segment of the California High Speed Rail System, and a potential second transbay rail crossing.

Discussion of a regional governance approach is inherently more speculative than the self-directed options presented previously. This chapter describes several, highly generalized, “illustrative” approaches to reorganization of rail serving the Bay Area. These models have been presented to illustrate various possibilities and options to consider should the Caltrain Board, its partner agencies, and other external agencies wish to promote and participate in the development of a more regionalized form of governance and organization for rail. These approaches are not mutually exclusive and can be seen as a potential progression or an evolution over time based on the specific circumstances, choices and needs of the region at a specific point in time. They could also be advanced in parallel with the self-directed governance changes discussed previously in Options A-E.

⁵⁶ Note this paper focuses on rail only. Variations could include regional multimodal agencies.

Option F: Regional Cooperation

This option describes a “sub governance” approach to regionalization that could be initiated directly by existing railroads and transit entities on either a bilateral or multi-lateral basis. Under this model, operators would agree, through MOUs or other agreement mechanisms, to coordinate key functions. Examples of this kind of direct, agreement-based coordination are extremely common for commuter railroads throughout the United States where operators agree to share certain facilities and functions, cooperate on joint projects, or share tracks. In the Bay Area, existing examples include: (1) Caltrain/BART agreement to coordinate maintenance of the Millbrae station; and (2) Caltrain/Capital Corridor/ACE agreement to govern trackage rights and the use of Diridon Station.

The regional coordination model could be applied to a number of other issues and functions including schedule coordination, operations on different railroad’s infrastructure, sharing of certain functions, and fare coordination and ticketing system implementation.

Option G: Regional Integration of Key Functions

Building from Option F is Option G, which is a regional approach where individual railroads and transit agencies would remain in place but where key organizational responsibilities would be “evolved up” to one or more regional entities. At the most basic level, this option could simply include the extraction of certain specific activities from the purview of individual railroads or transit agencies (for example, the creation of a regional construction authority to assume responsibility for the delivery of major capital projects, or the establishment and management of a regionally coordinated fare system). Structured in a more comprehensive manner, however, this approach could significantly remake the institutional landscape of rail and transit in the region by creating different layers of functionality and responsibility operating in coordination across the region while still providing for the existence of many individual operators.

The Verkehrsverbände or “transport alliances” found in Germany, Austria and Switzerland represent examples of this striated approach to coordinated services. The BLS case is similar. In these examples, the regional transport alliance typically assumes responsibility for a range of planning, contracting, and coordinating functions including, critically, fare integration and ticketing, setting detailed standards and performance metrics, and distributing revenues and subsidies among operators. Individual transit operators continue to have the responsibility for day-to-day operations and maintenance.

Implementation of this option would be more complex than Option F as it significantly modifies and transfers existing arrangements of authority, decision-making, and financing. Key questions such as Board representation, risk transfers between authorities and dispute resolutions would have to be negotiated and resolved. Conversely, such a model may be a pre-requisite to achieve both regional goals as well as implement the Caltrain Business Plan. For example, regional fare integration and statewide integrated ticketing are topics of active discussion at different levels of government that may soon develop into formalized proposals. Similarly, a regional construction authority may be critical given the number of large, multi-operator projects in the Bay Area, including both the Downtown Extension project (DTX) and the rebuilding of Diridon Station. (The topic of a regional construction authority to be established by State legislation is also discussed separately later in the chapter).

This approach could be pursued either as a stand-alone option or be a step towards Options H and I discussed below. In either case, a transition plan would need to be developed to ensure minimal impact as key individuals would be changing their agency and position.

Option H: Consolidated Regional Authority with Subsidiary Railroads

Option H, a consolidated regional authority with subsidiary railroads, is the next step toward increased consolidation and regional control. In this option, individual railroads would be governed and organized under a single regional authority. The regional authority would be responsible for the oversight of the subsidiaries, make critical decisions impacting the subsidiaries, be responsible for funding the subsidiaries, and provide broad governance. It would also provide critical coordinating, administrative and shared service functions. Underneath this umbrella authority, subsidiary railroads would retain a level of individual organizational integrity and autonomy, allowing them to manage their organizations, corridors and services directly.

The New York Metropolitan Transportation Authority (MTA) is an example of a regional authority with subsidiary and affiliate railroads and services organized similarly to the generalized description provided for Option H. Under the MTA, there are individual subsidiaries including: New York City Transit (buses and subways), Metro North, the Long Island Railroad, a capital construction agency and a Bridge and Tunnel toll authority. Importantly, the entire MTA and its subsidiary agencies are governed by a single Board of Directors, with Board committees providing governance oversight of individual subsidiaries. It should be noted that this model includes different labor agreements for the individual agencies.

Implementation of Option H would likely be more complex given the expanded transfer of responsibility from the individual operators to the regional authority. As with Option C, a comprehensive transition plan will be required. One key difference from Option C is that once such an authority is formed, there is a clearer delineation of authority and responsibility.

Option I: Fully Consolidated Regional Railroad

The most extreme approach to regional governance of rail would be through the direct and total consolidation of multiple railroads and their constituent functions into a single, regional organization which would be overseen by a single Board of Directors. While such an approach could be structured in different ways, it would fundamentally involve the transfer of all of Caltrain's existing responsibilities, services and assets to a larger entity operating at either a regional or mega-regional scale. This entity would combine and integrate any number of rail services and properties such as ACE, Capitol Corridor, or even BART into a consolidated organization operating under a single governance structure. In addition to the delivery of rail services, a consolidated agency of this scale would presumably also be well positioned to take on a major role in other regional transportation and project delivery services including the planning and delivery major capital infrastructure, the provision of access and feeder services, and pursuit of joint development opportunities at stations.

Many examples of powerful, consolidated rail agencies operating at a regional scale can be found around the world. Metrolinx, the regional transportation agency for the greater Toronto Area, provides a particularly relevant example since it was recently created by the province of Ontario in 2006. It directly oversees the operation of a major regional railroad and bus network (GO Transit) as well as a regional fare payment system (the Presto Card). It is also charged with planning and delivering a massive and transformational expansion of the region's transit network, including new light rail lines, new subways, station area developments and, most applicable to Caltrain, the Go Expansion project. This is a multibillion-dollar program to electrify and greatly increase service frequency and ridership on the GO railroad system.

This would be the most complex option to implement as it would involve enabling State legislation, and a series of complex negotiations and transactions that would address the transfer and transition of governance, decision-making, funding, and agency responsibilities into a single, consolidated organization. A key issue for Option I compared to Option H is that existing and future labor agreements would be impacted and may become a central issue. A comprehensive transition plan would again be critical. As with Option H, post implementation, the lines of responsibility and authority would be clear.

CALTRAIN BUSINESS PLAN
RAILROAD ORGANIZATIONAL APPROACHES
 1 OF 2

TODAY

Separate Railroad A

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Separate Railroad B

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

**OPTION F
 REGIONAL
 COOPERATION**

Separate Railroad A

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services



Separate Railroad B

- Service Planning
- Fares & Information Systems
- Stations
- Major Capital Projects
- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

**OPTION G
 REGIONAL
 INTEGRATION
 OF KEY
 FUNCTIONS**

Regional Entity

Service Planning, Fares & Information Systems, Stations, Major Capital Projects

Separate Railroad A

- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Separate Railroad B

- Infrastructure Maintenance
- Train Operations
- Access & Egress
- Commercial Activities
- General Admin Services

Discrete Governance Entities

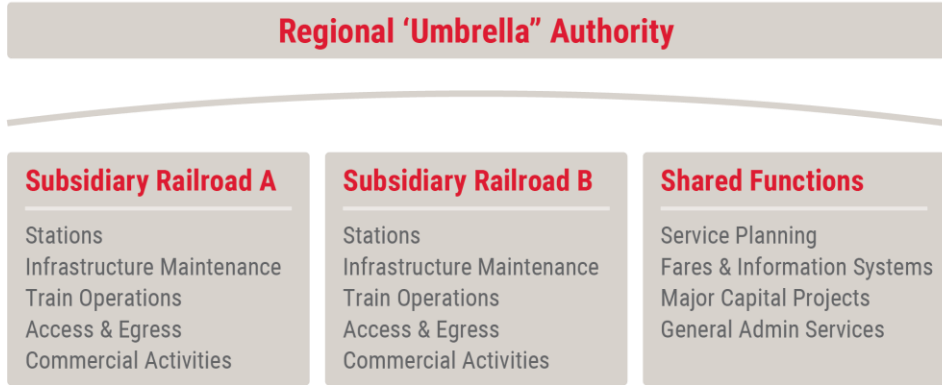
Regional Organization

Sub-Regional Organization

Organizational functions listed are illustrative only. They do not reflect Recommendations or specific proposals

CALTRAIN BUSINESS PLAN
RAILROAD ORGANIZATIONAL APPROACHES
 2 OF 2

OPTION H
**CONSOLIDATED
 REGIONAL
 AUTHORITY
 WITH
 SUBSIDIARY
 RAILROADS**



OPTION I
**FULLY
 CONSOLIDATED
 REGIONAL
 RAILROAD**



Discrete Governance Entities



*Organizational functions listed are illustrative only.
 They do not reflect Recommendations or specific proposals*

E. PARALLEL GOVERNANCE OPTIONS AND CONSIDERATIONS

This is a discussion of several governance-level issues, considerations and structures that the JPB and its member agencies may want to address regardless of (or in combination with) the core governance structure of the railroad, which are discussed previously in Section D. Generally, these relate to specific major issues or projects and would require extensive external agency involvement and support. In certain specific cases, especially with regard to the delivery of megaprojects, these options may be needed for a successful outcome.

Some of the issues discussed could be effectively addressed at a “sub-governance” level (in some cases through direct agreements and MOUs, in others through particular decisions or strategies around contracting and delivery choices) but all are issues of great significance that have the potential to fundamentally shape the scope of Caltrain’s organizational mission, the domain of activities under its control, and its future success.

The key issues addressed in this section include:

- The delivery of megaprojects on and surrounding the Caltrain corridor including the construction of the Downtown Extension (DTX) to the Salesforce Transit Center, the reconstruction of Diridon Station and surrounding rail infrastructure, the upgrading of the corridor to accept 110 mile per hour (mph) service, and the delivery of a multibillion-dollar program of grade separations.
- Caltrain’s relationship to other railroads and train operators including the future sharing of the Peninsula Corridor with HSRA and other operators as well as the potential geographic expansion of Caltrain service onto corridors not owned by the JPB (including expanded service to Gilroy, the potential extension of services to Monterey County, the potential use of the Dumbarton Bridge, and the potential for service expansion through a second Transbay Tube).
- Caltrain’s relationship to the private sector including the potential for direct engagement with private sector entities around complex development projects, the incorporation of private sector actors and competitive tensions into the delivery of services and projects (also covered in the service delivery section of this chapter), and the potential for commercialization of certain aspects of the railroad’s business.

MEGAPROJECT DELIVERY

As noted throughout the paper, there are a number of major complex capital projects on or adjacent to the Caltrain corridor that will have major impacts on Caltrain service. In each case, there are many different agencies involved in the project. By illustration a non-exhaustive listing includes:

- DTX: JPB, HSRA, Transbay Joint Powers Authority (TJPA), San Francisco County Transportation Authority (SFCTA), City and County of San Francisco.
- Diridon Station and Adjacent Infrastructure: JPB, HSRA, VTA, Capital Corridor, San Joaquin Regional Rail Commission (SJRRRC), ACE, Union Pacific, BART, City of San Jose.
- Grade Separations: JPB, HSRA, VTA, affected counties and municipalities, and California Public Utilities Commission.
- Corridor Infrastructure Improvements needed to deliver the Business Plan Service Vision: JPB, HSRA, municipalities.
- Dumbarton: JPB, HSRA, ACE, SMCTD, UP, Crossbay Private Partners.

In addition to the agencies listed above, both the State and the Metropolitan Transit Commission would be major partners. Federal agencies such as the Federal Railroad Administration and the Federal Transit Administration may participate, as well.

Given the magnitude of coordination required, the feasibility of creating agencies for the sole purpose of planning, funding and constructing large capital projects is worthy of consideration. These would constitute independent authorities created

for the performance of auxiliary functions under circumstances in which a special purpose district would be in a better position than Caltrain (or another existing entity) to implement the project. This could be for financial, resource availability, organizational capacity, service priority or other reasons. If formed, the relationship between the Special District and Caltrain (and other agencies as warranted) would have to be carefully defined and specified.

This interface between construction and operations must be tightly controlled with clear understanding of outcomes, project scope and schedule. This is true for both “green field” projects and those being constructed on an active operating railroad. In addition, the Construction District would need to have staffing with expertise in railroad operations and maintenance.

Two forms of governance created for the purpose of building major capital projects have been identified for which the California Legislature has provided requisite enabling authority. These are Special Construction Authorities and Grade Separation Districts. Each of these forms of governance are addressed in the paragraphs that follow.

Special Construction Authority

A Special Construction Authority is an independent agency authorized by legislation to plan and construct specific projects. The most relevant example is the Foothill Gold Line Construction Authority (Gold Line Authority or Authority) created in 1998 by the California State Legislature, SB 1847 (later updated in 2011-AB706 and 2012- AB1600). This agency was created to resume design and construction of the Los Angeles to Pasadena Metro Gold Line project (Gold Line), which had been suspended by the Los Angeles County Metropolitan Transportation Authority (Metro) earlier that same year. Strong community interest in completing the Gold Line was the impetus for the creation of the Gold Line Authority. Transferring the project to a low-overhead construction authority was thought to reduce project costs and expedite the project schedule.

Upon completion and testing of each segment, the Gold Line Authority is required to transfer the project to Metro to operate. Metro then becomes the responsible agency and owner. This relationship is formalized in a Master Cooperative Agreement approved by both the Gold Line Authority and Metro Boards.

The Gold Line Authority is governed by a nine-member board (five voting and four non-voting). Responsibility for appointing the Board was designated in the legislation forming the district. Members are appointed by municipalities served by the line, the LA Metro, the San Gabriel Valley Council of Governments, and the Governor.

As a sole purpose entity, the Gold Line Authority is a lean agency with less than a dozen permanent staff members. To augment the permanent staff, the agency contracts for major functions such as planning and program management.

The Authority completed the first segment of the Gold Line from Los Angeles to Pasadena in just under three years, and the 13.7-mile line opened in 2003. Upon completion, the Authority transferred Phase 1 to Metro to operate. The legislation creating the Authority also authorized the planning and construction of any “fixed mass transit guide way eastward to Claremont” (later amended to extend to Montclair). The Authority broke ground on the second segment from Pasadena to Azusa in June 2010, which was completed in September 2015. The 11.5-mile, six station extension was then turned over to Metro to operate in 2016. A third segment from Glendora to Montclair to extend the Gold Line 12.3 miles and add six stations began construction in 2017.

A substantial portion of the Gold Line extensions are built along the BNSF right-of-way, which was purchased by Metro in the early 1990s for the project. In 2011, the railroad shared-use agreement was amended when BNSF agreed to abandon their rights to use a portion of the corridor.

Factors to consider in evaluating the Gold Line Authority experience:

- Construction of the Gold Line was situated substantially within railroad right-of-way acquired by Metro and as originally planned by Metro. As a result, Gold Line project costs and construction complexity were reduced, especially in contrast to projects requiring property rights acquisition and urban construction.

- The Authority's role in construction of the Gold Line extensions is concurrent with Metro's execution of a massive and unprecedented construction portfolio in the region, particularly accelerated since 2009 with passage of Measures R and M. One factor in the execution of the Measure R projects has been Metro's capacity to construct megaprojects concurrently while also functioning as a regional programming and operating agency. This situation provides an example of the utility of a special construction authority to execute discrete projects and thereby reduce the strain on the regional transportation agency or agencies undertaking construction of concurrent megaprojects.

Should Caltrain or other regional agencies contemplate the creation of a Construction Authority for execution of a major project(s), specific legislative authority including the composition of the governing Board would be required. In addition, comprehensive agreements addressing funding mechanisms, planning and construction requirements, technical specification reviews, and operational agreements would be needed. Consideration of a Construction Authority for the region should include an evaluation of the pros and cons, including an in-depth understanding of the Gold Line project experience.

Grade Separation District

A grade separation district is an independent agency formed pursuant to legislation codified in the California Streets and Highways Code commencing at Section 8100. This statutory framework permits the board of supervisors in any county, upon a finding that the safety and welfare of the residents of contiguous areas within the county require the formation of a district to provide for a separation of grade, to so declare by resolution. If two or more cities are involved in the proposed project without any unincorporated territory included in the project, the board of supervisors may adopt the resolution only if the interested city councils so request. The enabling legislation delineates the process for creation of a grade separation district including the necessity for the holding of an election. The district is created upon the affirmative vote of a majority of the voters in each city and a majority of voters in the unincorporated area included within the proposed district.

The subject legislation provides for a 5-member governing board and confers broad powers to the agency, including the power to plan, design and build the project and to exercise the power of eminent domain. A grade separation district also has the power to issue bonds and to levy property taxes subject to obtaining approval from 2/3 of those who cast ballots in a duly called election.

Although implementation of grade separation projects to date within the Caltrain rail corridor have been designed and constructed by means other than a grade separation district (e.g., contractual arrangements between local funding agencies, the JPB and the cities or county in the jurisdiction of the project), there is precedent for the creation of such districts elsewhere in California. In 1954, the Kern County Board of Supervisors invoked the grade separation district enabling authority, resulting in the creation of the Greater Bakersfield Separation of Grade District whose duties were to separate dangerous at-grade intersections of roadways and railroads by means of underpasses or overpasses.

Considering the large number of at-grade crossings that remain along the Caltrain rail corridor, the grade separation district legislation offers opportunities for the three counties and the cities within those counties to address elimination of crossings and tie to local community design plans. Any such undertaking would of necessity require execution of an agreement with the Caltrain governing board in light of the JPB's ownership of property rights in the intersections and taking into account impact on Caltrain's then-existing and planned future operations in the area.

GEOGRAPHIC EXPANSION/INTEGRATION WITH OTHER RAILROADS

While currently Caltrain is the only passenger operator serving its system from San Jose to San Francisco (and the predominant user between San Jose and Gilroy),⁵⁷ there are a variety of potential ways in which it would participate in a regional rail system. It should be noted that currently ACE, Capitol Corridor and the Union Pacific (freight service) have relatively limited tenant relationships with Caltrain. The two most basic options are for (1) Caltrain to coordinate its services with HSRA and (2) for Caltrain to become more of a corridor manager as well as expand its services beyond the three-county region.

⁵⁷ It should be noted that both ACE and the Capitol Corridor trains utilize a small portion of the corridor north of San Jose.

Coordination with High Speed Rail

In 2012, HSRA and Caltrain adopted the concept of “blended service” on the Peninsula, which basically meant that high speed trains will operate jointly with Caltrain over the existing Caltrain corridor. Proposition 1A allocated \$600 million for electrification of Caltrain and HSRA added another \$120 million to finance the added capacity for the HSRA electric trains.

The inception of HSRA service on the Caltrain corridor, at such time as it happens, will have a profound impact on Caltrain’s management and operations. HSRA has a right to 4 train paths running at 110 miles per hour, which will have to operate in conjunction with between 6 and 12 Caltrain trains (the low growth and high growth scenarios outlined in the Business Plan). While much service planning has been done in the Business Plan, given the existing track capacity, there is significant potential for conflicts between the services. In addition, a significant capital expense beyond the current electrification project will be required, including: a new signal system, new platforms, grade separations, and new trackage. Agreements will be needed to fund and implement these projects. In addition, agreements will be needed to cover joint operation: scheduling, right of way maintenance, train dispatching, station activities, joint ticketing, etc. There are many different variations of such agreements around the world, but the key factor is that before HSRA begins service on the corridor, these types of agreements are both required and inevitable.⁵⁸

Joint investment and operation on the same line by several railroads that compete for capacity and possibly for some of the same customers is never easy. Caltrain will need to determine the nature of the relationship it desires with the HSRA and then negotiate to reach an agreement. Absent an external mandate, this will involve balancing control, funding and risk to determine the optimal solution.

The following outlines the basic range of governance options in ascending order of complexity:

- Agreement where each party’s responsibility is defined and the operations are basically kept separate. In this case, Caltrain would continue to maintain the corridor, operate its own service, dispatch the line and be reimbursed by HSRA for their use of the corridor.
- Agreement as above except that the parties agree to share certain services. Examples could be shared equipment maintenance or shared dispatching. This could involve shared facilities or include a shared workforce.
- Agreement similar to the above except that the parties also agree to share certain revenues.
- Agreement whereby each of the parties agrees to franchise its services to the same rail operator with the intent to maximize coordination and efficiency. This is by far the most complex and difficult option.

In addition, looking beyond the current system to the south, HSRA has proposed to pay for electrifying the Union Pacific (UP) line from Gilroy to San Jose on which UP, HSRA and Caltrain would operate jointly.⁵⁹ HSRA service on the Peninsula would have the effect of extending the reach of the regional commuter system south into the Central Valley. Again, agreements would have to be reached between HSRA and Caltrain. However, in this section of the corridor, HSRA or the State would be the owner and operator of the line and Caltrain would be the tenant railroad.

In summary, given the degree of uncertainty regarding the future of HSRA, the re-definition of the relationship between the parties is a long-term consideration. However, if HSRA does ultimately operate over the corridor, this re-definition will be absolutely necessary. Such a negotiation will require that Caltrain have a comprehensive and detailed understanding of the costs of providing its service – in particular, the costs to operate and maintain the trains as compared to the infrastructure. The integrated business model developed by First Class Partnerships for the Business Plan will be valuable in this instance. Finally, in the event that funding for corridor improvements becomes available in the next few years, a short-term action would be to go beyond the current project agreements and develop a more comprehensive global agreement with HSRA.

⁵⁸ Examples of questions that will need to be addressed include does anyone have schedule priority; are there incentives/penalties for train performance; who performs which maintenance activity.

⁵⁹ The State is separately negotiating the purchase of the right of way from the Union Pacific.

Corridor Manager/Expanded Operator

Caltrain has the opportunity to consider modifying its role to become a corridor manager as well as a service provider for a larger regional geography. This would largely mirror the BLS case in Switzerland. As a corridor manager, it would be responsible for maintaining the railway between Tamien and San Francisco, coordinating schedules over the line (in accordance with HSRA and other signatory agreements), and operating trains in the corridor and possibly beyond to the East Bay (via the Dumbarton Bridge) and Monterey County.

In the event that a second transbay crossing is built to connect with Caltrain, a new governance structure would undoubtedly be formed to enable operation of a regional rail network from Sacramento to San Jose. On a lesser scale, the initiation of service over the Dumbarton Bridge could result in significant governance change as well.

INCREASED ROLE OF THE PRIVATE SECTOR

The private sector currently plays a relatively minor role in Caltrain with the exception of the third-party contracts with TASI, Balfour Beatty, Stadler and various construction entities. There are also a variety of leases, concession agreements, and possible naming rights, but no major revenue sharing agreements at this time.

Needless to say, the most dramatic governance change for Caltrain would be to fully privatize the railroad. This would entail the sale of the track and rolling stock as well as possibly the right-of-way and stations to a private investor.⁶⁰ Given Caltrain's current high fare recovery ratio⁶¹ and its growth opportunities, Caltrain is one of the few passenger railroads in the US that could realistically be considered for privatization.

As was discussed in Chapter 3, privatization of the national rail network was commenced in Japan in 1987, when Japanese National Railways (JNR) was split into six private passenger railroads and has been extremely successful. In contrast, it was also tried in the UK with the formation of Railtrack, which failed and was re-nationalized into Network Rail. Of course, the inability of the private sector to operate the peninsula railroad profitably led in the 1970s to the abdication of responsibility by Southern Pacific and attendant transfer of financial responsibility to support railroad operations and capital investment by the public sector. Of note is that in the last few years, Virgin America, the only private inter-city passenger service in the country, initiated passenger service in Florida.

Privatization would raise a number of complex issues including:

- Determining the appropriate balance between the public interest (accessibility, environmental benefit, safety, etc.) and the private interest (fare revenues, profit, etc.);
- Extent of public control over the railroad's operation (including service levels, fares, etc.);
- Identification of the funding for the capital investment needed in the corridor;
- Valuation of the railroad's assets;
- Treatment of sales proceeds (if any) including the possibility that the federal and state governments may have a financial interest in the right-of-way and rolling stock; and
- Extent of private sector interest.

Given the magnitude of this change, it is unlikely to be pursued at this point in time. However, there are a multitude of ways in which the private sector can become more involved in Caltrain:

- Through a new operator agreement that re-balances risks and rewards (as discussed in the Service Delivery section);

⁶⁰ A variation of this model is to sell the assets to a non-profit corporation. An example of this is the Presidio Trust, though no major passenger railroads follow this model.

⁶¹ With the exception of BART, this is the highest fare operating ratio for a regional passenger railroad in the US.

- Joint station development in San Francisco, San Jose and select major intermediate stations;
- Monetization of railroad assets and right-of-way without impacting current or future provision of rail service; and
- Provision of first mile/last mile services.

All of these potential partnerships will be extremely complex transactions and will require that Caltrain have the organizational bandwidth and skills to negotiate these agreements.

F. SUMMARY OF SECTION VII

This section has outlined and reviewed a number of different governance options, including those that can be implemented by the JPB members or the member agencies as well as those that involve external parties. In Chapter 5, a recommended approach to the different governance options is outlined for JPB and member agency consideration.

CHAPTER 5: ORGANIZATIONAL ASSESSMENT RECOMMENDATIONS

I. OBJECTIVE AND ORGANIZATION

This final chapter includes a recommended path forward for each of the three critical organizational areas:

- Service Delivery – The manner in which Caltrain operates and delivers its service
- Internal Organization – The manner in which Caltrain has organized itself
- Governance – The manner in which Caltrain is overseen

For each of these areas, the recommendations are framed by the answers to the questions posed in Chapter 4:

- Timing - Is this the right time to be having this discussion? What are the implications if no decisions are reached?
- Recommendations - What are the recommendations or key focus areas
- Implementation plan - What additional work is needed?

II. SERVICE DELIVERY

A. TIMING

The time is right to address this issue and to immediately initiate development of a strategy for future service delivery for the next five to seven years,⁶² as the end of the basic term of the TASI contract is rapidly approaching. The contract will end in June 2022 and includes a one year extension option for Caltrain. There is a further opportunity to negotiate a five year extension (through 2027) pending FTA approval. Both contract extensions will follow the scheduled completion of the PCEP project and will have to include new provisions for the expanded electrified service as well as possible construction support of major infrastructure improvements outlined in the long term service vision recommended through the Business Plan. This differs from the current contract, which has been in effect during a time of relative stability. In addition, a number of contractual improvements have been suggested and could be included in either extension. All of this will increase the complexity of the contract as well as the time it will take to negotiate the agreement.

The longer Caltrain waits to develop a strategy, the less leverage it has in discussions with TASI or another operator as the calendar will become a constraint. Implementation of a procurement process to identify a new operator will take two to three years. Starting work now maximizes Caltrain's flexibility and provides the widest range of options on a contract that is critical to the railroad's customer service and financial outcomes.

⁶² At this time, there are too many unknowns to determine the optimal strategy to deliver the 2040 service vision. The options have been delineated in Chapter 4 and a long term decision is best made in the future in conjunction with progress on implementing key projects and services outlined in the vision.

B. RECOMMENDATIONS

It is recommended that Caltrain should develop a comprehensive strategy to obtain a third-party operator (either TASI or another operator) using a bundled contract whereby the operator provides the primary operations and maintenance functions (similar to what TASI does today). This is the most direct approach and has been successful to date. The options of bringing the work in-house or procuring a series of unbundled third-party contractors should be eliminated from consideration as near-term options as it is unclear that these approaches will yield significant benefit and pursuing either of them will require large amounts of additional organizational bandwidth. This is at a time when the railroad has limited resources and is stretched to complete the PCEP, initiate work on the Business Plan, and engage in discussions regarding major projects (San Francisco Terminals, Diridon Station, etc.) whose schedule will be driven by external parties.

The strategy needs to ensure that Caltrain can achieve its goals with the minimum amount of disruption to the organization. Time must be initially dedicated to a comprehensive internal prioritization of the desired elements in the new agreement. These would include addressing such issues as how to develop contract terms for a dynamic situation where electrification will be introduced and service levels will be likely changing during the duration of the contract; how to maximize Caltrain's future flexibility; the extent of duties to be performed by the contractor; the internal organization structure to monitor contract performance; the extent of risk and gain-sharing between Caltrain and the third party contractor; the incentive and penalty regime; and the length of contract and procurement process (degree of market soundings, use of RFQs and RFPs if direct negotiations with TASI are not successful). Additional dialogue with FTA as to their opinion on a five year extension with TASI is also critical.

Once the above work is completed, a time-frame would be identified within which negotiations with TASI on an extension would take place. This time-frame would set a date certain to complete the negotiations so that Caltrain would have adequate time to procure another operator if negotiations are not successful.

C. IMPLEMENTATION PLAN

To manage this process, it is recommended that Caltrain immediately form an interdisciplinary task force of senior staff (including legal, finance, and operations staff, among others) that would be responsible for developing and implementing the strategy to procure an operator post June 2022. Clear assignment of responsibilities and leadership roles would be defined, a work plan specified and budgets developed.⁶³ Consultant assistance would likely be useful. An appropriate level of Board involvement would be identified.

III. INTERNAL ORGANIZATION

A. TIMING

Given the magnitude of challenges facing Caltrain staff, this issue needs to be addressed immediately by initiating a series of actions that address current deficiencies as well as prepare for the major changes coming within the next five years. The agency's financial limitations mean that Caltrain is already resource constrained, an issue that has been noted by a number of Caltrain staff. This issue is combined with the impending transition to an electrified railroad, Caltrain's commitment to participate in major local, regional and state projects, and the larger changes contemplated in the Business Plan; together they mandate organizational change and expansion. In fact, this has already started with the reorganization in the Chief Railroad Officer's division and the specification of an expanded Planning Department.

Maintaining the status quo is not a realistic option, as it will make it impossible for Caltrain to provide high quality existing or expanded rail service, participate constructively on major regional projects, and implement its Business Plan, given current levels of resourcing.

B. RECOMMENDATIONS

It is recommended that Caltrain address this issue on three separate but related paths:

⁶³ The integrated business model developed by First Class Partners will be an important tool available for use by the Task Force.

- Address vacancies immediately. To do this, Caltrain would undertake a 30 day review of budgeted, vacant positions to confirm that they are critical or can be exchanged for other pressing needs and develop a strategy to fill the positions. Subsequent to that, the strategy would be implemented immediately.
- Undertake a three to six month study that would evaluate the current organization and identify specific modifications that are recommended over the next two to five years.⁶⁴ The study would be completed so that its results could be included in the FY2020-21 Budget. The study would provide recommendations on the following interrelated topics:
 - Balance of available and required resources and determination of additional needed positions by department and by year;
 - Review of shared service functions with respect to functional output, prioritization of user department needs, and financial implications among other factors, with proposed path forward by function (this would be coordinated with any on-going governance discussions);
 - Modifications as necessary of the Rail Division to better monitor third party contracts, whose cost and complexity will grow over the next few years;
 - Mapping and analysis of key interfaces and processes outlined in Chapter 4;
 - Review of key functions outlined in Chapter 4;
 - Talent attraction/retention and use of seconded consultants;
 - Identification of critical skills needed and methods to attract them to Caltrain including, but not limited to, those outlined in Chapter 4;
 - Detailed projection of costs by year for the proposed next steps; and
 - Develop a strategy to provide the resources that will be necessary to fund the additional positions identified as part of the above study.

A study of this nature is best undertaken by an external consultant. However, for it to be successful, it needs to be led and supported by the senior team at Caltrain and coordinated with any ongoing governance discussions. The Caltrain organization is extremely complex and such an effort could easily go astray without the proper leadership. Furthermore, this type of study invariably results in differing opinions and conflicts between people; the role of the senior leadership team is to ensure productive dialogue.

C. IMPLEMENTATION PLAN

To undertake the vacancy review, it is recommended that Caltrain identify a senior executive to oversee the review. In addition, supplemental HR resources may be required to fill the vacant positions.

To initiate the resource study, it is recommended that Caltrain appoint a multidisciplinary task force led by a senior staff member. The task force would first develop a scope of work and accompanying budget, work with the Procurement Department to solicit and select the best consultant and then serve as the steering committee for this effort.

Finally, to develop the funding strategy, it is recommended that Caltrain have its Chief Financial Officer coordinate with the study team to calculate required funding and then work to identify fund sources that would be available for the FY2020 to FY2021 budget. Absent a new fund source, Caltrain will likely need to engage in transparent discussions with partner agencies and stakeholders about the ability of the railroad to realistically support certain services and projects.

⁶⁴ This work ought to be updated on a regular basis to reflect the rapidly changing conditions that Caltrain will be encountering over the next two decades.

IV. GOVERNANCE

A. TIMING

The issues of governance are wide-ranging and complex, but in all cases, it is in Caltrain's interest to address the issues, the alternative approaches, and the next steps at this point in time.⁶⁵ The railroad is at a transformational moment and faces a complicated future. Addressing issues of governance in a proactive and constructive manner will help ensure that the interests of the system and its riders are best represented. As outlined in Chapter 4, the major governance options facing Caltrain can be put into two, non-exclusive, groupings⁶⁶:

- Self-directed governance options that can be resolved between either JPB members or the JPB member agencies. These include various configurations of the JPB:
 - Maintained in the current structure;
 - Maintained in the current structure with modifications;
 - Reorganized as a railroad authority hiring its own staff;
 - Reorganized as a railroad authority hiring its own staff and using select shared services; and
 - Reorganized as a district.
- Governance options or governance-related considerations that involve external parties. These include:
 - Maintain existing agencies with expanded regional cooperation;
 - Maintain existing agencies with regional integration of key functions;
 - Develop a new, consolidated regional authority with subsidiary railroads;
 - Develop a new, fully consolidated regional railroad;
 - Develop a new regional authority implementing megaprojects (grade separations, Diridon Station, SF Terminal, or others);
 - Integration and agreements with High Speed Rail Authority and/or other railroads; and
 - Expanded involvement with the private sector.

With regard to the self-directed options, the timing is right to engage in a structured dialogue between the JPB member agencies. An agreement on a path forward with respect to the self-directed options would remove a source of potential discord and enable the organization to focus on its critical issues of completing the PCEP, transitioning to an expanded electrified railroad, initiating the implementation of the Business Plan, identifying a service provider post-2022, and reviewing and modifying the organizational structure. Failing to address this question will result in these issues lingering and will make it more difficult for the organization to successfully address its core challenges and goals.

It is also in Caltrain's interest to constructively and actively engage in discussions related to the second group of governance options involving external parties. In all cases, the option of not partaking in these discussions can only hinder Caltrain and reduce its ability to influence larger regional issues in a manner that supports the needs of the system and its riders.

⁶⁵ As with the other two organizational areas, these discussions and Caltrain's positions will evolve over time as Caltrain and other external parties progress different projects, funding plans and implementation measures.

⁶⁶ These options are discussed in great detail in the governance section in Chapter 4.

B. RECOMMENDATIONS.

For the self-directed governance options, it is recommended that Caltrain convene a structured dialogue amongst the member agencies to discuss next steps and a path forward. Chapter 4 has laid out different viable options in great detail. While it is within the direct purview of the JPB to direct smaller procedural changes to Caltrain’s governance most of the changes described require the amendment of the JPA, meaning that the JPB member agencies have the sole authority and responsibility to direct and enact these changes.

One suggested approach to address this would be for the general managers (GMs) of the member agencies to form a small task force, consisting of themselves or a senior staff person who can represent and speak for the agency.⁶⁷ The task force would manage a process that would use the information in Chapter 4 as a starting point, agree upon mutual goals for Caltrain, conduct additional analysis as needed, and fully socialize the options. They would be charged with attempting to reach consensus as to which governance option is desired and providing a recommendation to their member agency. They would be given a strict timeframe for this effort. The most important point is to develop a structured process that directly involves the agencies who have the authority to enact any desired changes.

For the second group of options, each approach is slightly different:

- Formation of a New Regional Railroad Authority or other Regionalized Structure – It is critical that Caltrain be involved in these discussions, even if they are in early stages. While the regional concepts reviewed in Chapter 4 are long term in nature, they could form the basis for significant change in how rail services are managed in the Bay Area, including the future of the JPB and the Caltrain service. Further, they may become the nexus for the formation of future regional funding measures. Caltrain’s constructive participation would only increase its influence and has no downside.
- New Regional Construction Authority to Plan, Fund and Implement Megaprojects - It is also critical that Caltrain be involved in the discussion of a potential regional construction authority, and, over time, develop clear positions on the significant issues surrounding these projects. This authority would potentially be involved in projects (terminal stations, grade separations) that directly affect Caltrain’s operations and finances. Furthermore, absent such an authority, it is not evident how these projects would be financed or implemented by Caltrain.
- Development of Agreements with High Speed Rail Authority or Other Railroads– Caltrain should remain involved in the dialogue with HSRA given that their futures are intertwined. In particular, Caltrain should work with HSRA and the State to understand which additional agreements should be negotiated, while also observing how HSRA’s plans and timeline for implementation are clarified over the next few years.
- Private Sector – As Caltrain reviews its financial needs and future projects, it may need to more deeply engage the private sector to help monetize its assets and deliver services. The nature of the dialogue will evolve dependent upon Caltrain’s financial requirements and will be clarified through further funding and financial analysis anticipated as part of the Business Plan.

C. IMPLEMENTATION PLAN

With regard to the self-directed options, if the member agencies agree with the approach outlined above or develop an alternative approach, the next step is for the parties to initiate the process.

With regard to the external party discussions, the next step is for Caltrain to continue and expand its current engagement in certain projects (San Francisco Terminal, Diridon Station in particular) as well as determine the extent to which it wants to advocate for some of the other institutional options (such as a regional construction authority or grade crossing district). For other regional options not driven by Caltrain (e.g. regional rail authority), Caltrain would continue to be a participant in the discussion. As part of this, Caltrain needs to identify the resources and analyses required for these different streams of work.

⁶⁷ For the City and County of San Francisco, the signatory agency is the City of San Francisco and the JPA was signed by the Mayor. It is assumed that the different officials in SF would determine the appointment of their representative to this committee.